

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-04 FPC-01 H-01 INR-05 INT-05 L-01

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E.O. 11652: N/A

TAGS: ENRG, GW

SUBJECT: GERMAN CABINET DISCUSSION OF ENERGY
MEASURES

REF: CROWLEY/HEICHLER TELCON

1. THE OCTOBER 10 ISSUE OF FRANKFURTER RUNDSCHAU
CARRIED A SHORT ARTICLE REPORTING ON THE CABINET
DISCUSSION OF ENERGY ISSUES ON OCTOBER 9. ACCORDING
TO THE ARTICLE, FINANCE MINISTER APEL REPORTED THAT
HE WAS NOT PERSUADED THE US POSITION TOWARD MANAGING
EXPLODING OIL PRICES WAS CONVINCING. HE NOTED THAT
THE US WAS LESS CONCERNED ABOUT MANAGING THE ECONOMIC
CONSEQUENCES OF THE NEW OIL PRICE LEVEL THAN WITH
REDUCING THE PRICE DEMANDS OF THE PETROLEUM EXPORTING
COUNTRIES, INCLUDING THE USE OF POLITICAL PRESSURE
FOR SUCH A PURPOSE. HE POINTED OUT THAT THE US POSITION
STEMMED FROM THE FEAR THAT UNLESS OIL PRICES ARE ROLLED
BACK IN THE END IT COULD CREATE A WORLD-WIDE
ECONOMIC COLLAPSE.

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2. THE ARTICLE WENT ON TO REPORT THAT THERE WAS A CONSENSUS AMONG THE CABINET MEMBERS THAT THE FRG SHOULD AVOID THE USE OF ADMINISTRATIVE MEASURES TO REDUCE OIL CONSUMPTION AND SHOULD INSTEAD RELY ON PRICES TO BRING ABOUT REDUCED ENERGY CONSUMPTION.

3. IN THE CONCLUDING PARAGRAPH THE ARTICLE REPORTED THAT CENTRAL BANK PRESIDENT KLASSEN HAD BRIEFED THE CABINET ABOUT TWO AGREEMENTS REACHED BETWEEN THE CENTRAL BANK AND THE FEDERAL RESERVE BOARD TO COOPERATE TO PREVENT POSSIBLE BANK COLLAPSES ON THE EURODOLLAR MARKET.

4. COMMENT. THE REPORT ON FINANCE MINISTER APEL'S REMARKS ON US APPROACH IS CONSISTENT WITH PREVIOUS PRESS REPORTING ON GERMAN ATTITUDE ON QUESTION OF HOW TO DEAL WITH OIL PRICE QUESTION IN EXPLANATION OF THE CABINET POSITION ON CONSERVATION MEASURES, FRG ECONOMIC MINISTRY ENERGY DIRECTOR ENGLEMANN HAS TOLD THE ECON/COMMERCIAL MINISTER THAT THIS POSITION WAS IN REACTION TO THE RECENT FRENCH GLOBAL ENERGY MEASURES AND WAS NOT RELATED TO THE FRG'S OVERALL ENERGY CONSERVATION PROGRAM OR TO US ATTITUDES. HE NOTED THAT THE FACT THAT THE FRG INTENDED TO AVOID DIRECT INTERVENTION IN THE MARKET DID NOT MEAN ANY DIMINUTION IN ITS RESOLVE TO ADOPT A SERIES OF OIL CONSERVATION MEASURES SUCH AS INCREASED USE OF DOMESTIC COAL, MORE STRINGENT INSULATION REQUIREMENTS IN THE CONSTRUCTION OF NEW BUILDINGS, ETC. TO REDUCE THE DEMAND FOR PETROLEUM PRODUCTS.
HILLENBRAND

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